

To the Members of the California State Assembly:

I am returning Assembly Bill (AB) 78 without my signature.

This bill would require pharmacy benefit managers (PBMs) to provide their clients access to detailed information about rebates and other revenue that the pharmacy benefit manager receives from pharmaceutical manufacturers, brokers, consultants or other intermediaries.

This measure is a variation on AB 1960 from 2004 which I vetoed. Although different in details, the main point of AB 78, as with AB 1960, is to compel PBMs to reveal their internal financial arrangements to their clients and potential clients. I vetoed AB 1960 because I believed then that it would have the unintended consequence of increasing drug costs to health plans and other purchasers without providing any real consumer benefit. I have seen no new information to cause me to change that opinion.

Sincerely,

Arnold Schwarzenegger